

## Agenda item 4.1

Paragraph 17 of the annotated agenda, Annex 4

# Changes in the CDM project activity, PoA or CPA to be allowed as post-registration changes

CDM EB 99

Bonn, Germany, 23 to 26 April 2018



## Background

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- MP 70 – Issue during the assessment of a PRC LFG project which included a proposal to increase landfill capacity by more than 100 per cent, leading to a significant increase in the amount of CERs to be issued (by approximately 55 per cent).
- EB 90 - The Board requested the MP and the secretariat to jointly prepare a concept note for its consideration at a future meeting analysing the design changes to a CDM project activity, PoA or component project activity (CPA) that could be acceptable as post-registration changes (PRCs).
- MP 73 - Version 1 of the concept note was finalised and recommended to the Board.
- EB 96 - The Board requested the MP and the secretariat to further revise the concept note, taking into account input that will be received from the public call and guidance from the Board.
- MP 75 – The concept note was finalized, considering Board’s guidance and inputs from the public call.



## Board's Guidance

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- Reconsider the design capacity limits as mentioned in paragraph 12(b) of the concept note, taking into account the size of the projects/programmes;
- Consider allowing projects/programmes to continue to use the process of PRCs for making changes in the design capacities without any limits, if it is clearly established that the increase in capacity is due to reasons beyond the control of the project participant/coordinating and managing entity (CME);
- Consider other factors of project design such as changes to the project boundaries and their effects on leakages;
- Further clarify what constitutes fundamentally different technologies as referred in paragraph 15(b) of the concept note.



## Proposed solutions

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### ○ Increase in the design capacity

- (a) For **large-scale** project activities, generic CPAs and specific-case CPAs:
- i. If an investment comparison or benchmark analysis was used to demonstrate additionality, not to exceed the limits used in the sensitivity analysis;
  - ii. If simple cost analysis or barrier analysis was used to demonstrate additionality, up to 20 per cent of the design capacity defined in the registered PDD, PoA-DD (in its generic CPA-DD part), or CPA-DD.
  - iii. Without any limits, if the PPs/CME can clearly establish that the increase in capacity is due to reasons beyond the control of the PPs/CME. The DOE shall provide its assessment on how it concluded that the circumstances are not within the control of the PPs/CME.
- (b) For **small-scale** project activities, generic CPAs and specific-case CPAs:
- i. Without any limits, as long as the increased capacity is still within the threshold for the corresponding small-scale project type (Type I, II or III).



## Proposed solutions

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### ○ **Changes to technologies/measures**

The following changes are acceptable:

- (a) Addition of new technologies/measures contributing to emissions reductions, except those technologies/measures that generates income/revenue from sources or products not described or considered in the registered design document (e.g. addition of electricity-generating equipment to a landfill gas flaring project not described or considered in the design document);
- (b) Changes in the technologies/measures, that:
  - i. Provide the same kind of output and use the same kind of equipment and conversion process; or
  - ii. Undertake the same course of action that results in the same kind of effect (e.g. two projects using the same management practice such as fuel switching).



## Proposed solutions

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### ○ **Process**

- (a) The DOE shall include in its validation opinion an assessment of impacts on the project boundary and any associated leakages, due to the increase in the design capacity, while submitting such requests for approval of PRC.
- (b) Requests for approval of the types of PRCs referred above must be submitted to the secretariat within two years of :
  - i. The implementation/commissioning of the emission reductions measures of the project activity, or the first specific-case CPA included in the PoA if the design changes are proposed at the PoA level;
  - ii. The implementation/commissioning of the emission reductions measures of the specific-case CPA, if the design changes are proposed for the specific-case CPA.



## Proposed solutions

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- **Process (cont.)**

- (c) The secretariat puts in place a system to notify the DNA of the host Party, upon receiving a PRC request that involves increase in the design capacity or changes to the technology/measures.



### Annex 4, Para 12 and 14 - accepted conditions/thresholds

Same questions if conditions/thresholds are not met. Does the DOE have:

- a. to issue a negative verification opinion?
- b. to request a PRC to update the PDD to clearly state that this is not considered to account for emission reductions?
- c. if yes, is a prior approval required?
- d. to finalize the verification provided including a related assessment in the verification report which clearly demonstrates that this delay has not been considered for accounting emission reductions.

**Secretariat Recommendation:** The DOE shall in its verification report include an assessment of the change in the design capacity and the impact of this change on additionality and emission reductions during the monitoring period under verification. If additionality is no longer demonstrated, the DOE shall issue a negative verification opinion. If additionality is still demonstrated, the DOE shall verify only the portion of the emission reductions that correspond to the original design capacity.





### **Annex 4, para 15 - changes to be submitted to the secretariat within two years**

How should a DOE assess and finalize its verification opinion when it has identified that a technology/measure has been implemented/commissioned more than two years ago but since then no verification has been conducted. Does the DOE have:

- a. to issue a negative verification opinion?
- b. to request a PRC to update the PDD to clearly state that this is not considered to account for emission reductions?
- c. if yes, is a prior approval required?
- d. to finalize the verification provided including a related assessment in the verification report which clearly demonstrates that this delay has not been considered for accounting emission reductions.

Similar issues for cases w.r.t. CPA inclusion timing

**Secretariat Recommendation:** The DOE shall in its verification report confirm by verifying credible evidences that such changes have happened within two years of implementation/commissioning of the emissions reduction measures.



### **Annex 5, para 242 - PS for project activities**

the proposed change “*Other types of changes not referred to in subparagraphs (a)–(j) above*” shall be either deleted or “other types” shall be specified;

### **Annex 5, para 128bis - PCP for project activities and 141bis, 168bis - PCP for PoA**

reference to “the DOE shall submit within two years of the commissioning or implementation of the project activity, whichever is later”

Request to delete, as it is out of the control of a DOE whether a PP orders a verification within two years.

**Secretariat Recommendation:** “Other types of changes...” is needed since currently there is no limitation to the “types” of allowable changes, and the proposal is to limit only two types of changes.

The DOE shall in its verification report confirms by verifying credible evidences that such changes have happened within two years of implementation/commissioning of the emissions reduction measures.

